



EUROPEAN COMMISSION
DIRECTORATE-GENERAL JUSTICE AND CONSUMERS

Directorate B: Criminal justice
Unit B.3 : Financial Crime

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Dr. Jonathan LEVY
Solicitor and Attorney for
Cryptocurrency victims
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UNITED KINGDOM

Subject: Request for Consultation and Remediation - Cryptocurrency victims claim

Dear Mr Levy,

Thank you for your letter and e-mail from 3 June 2019. In your letter, you note that you represent consumers worldwide, including citizens of the European Union (EU) and European Economic Area (EEA), who have been victimised by organized crime firms based or controlled from or doing business in the EU under the guise of “cryptocurrency.” You present the numerous cases of scams your customers allegedly suffered, resulting from the use of cryptocurrencies through provision of false accountings, fraudulent transfers, forged certificates or false promises about profits and ask the Commission to take up this matter as an urgent priority at the European level, concluding that the existing European legal framework is failing to deal with this issue.

The use of crypto-assets presents risks for investors and consumers, and for anonymous illicit use of the underlying technology. Action has been taken at EU level to address these risks, some of which are described in more detail in a Commission's Report¹.

In addition, Directive (EU) 2018/843 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing has added providers of exchange services between virtual currencies and fiat currencies, and custodian wallet

¹ Report from the Commission to the European Parliament and the Council on the assessment of the risks of money laundering and terrorist financing affecting the internal market and relating to cross-border activities, COM/2017/0340 final: <https://publications.europa.eu/en/publication-detail/-/publication/ce3cb15d-5a5a-11e7-954d-01aa75ed71a1>

providers as obliged entities, therefore imposing on them obligations to comply with the Union's anti-money laundering framework.

This means that they will be obliged to apply customer due diligence to their customers, such as identifying the customer and verifying the customer's identity, identifying the beneficial owner, taking reasonable measures to understand the ownership and control structure of the customer; assessing and, as appropriate, obtaining information on the purpose and intended nature of the business relationship; conducting ongoing monitoring of the business relationship including scrutiny of transactions undertaken throughout the course of that relationship. With this, anonymity as regards exchange services between virtual currencies and fiat currencies, and custodian wallet providers should be lifted.

This Directive also provides that Member States will have to ensure that providers of exchange services between virtual currencies and fiat currencies, and custodian wallet providers, are registered.

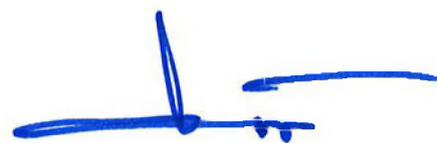
Member States are obliged to transpose the Directive in their national law by 10 January 2020. To date these provisions have not yet taken effect in the Member States.

At the international level, the Financial Action Task force (FATF) amended its standards to require countries and jurisdictions to regulate virtual asset service providers for anti-money laundering and terrorist financing purposes, to license or register them and to subject them to effective systems for monitoring and ensuring compliance with the relevant measures called for in the FATF Recommendations.

Thank you for raising our awareness on the difficult situations faced by your customers and we will take into account these concerns in the future development of our policies.

As regards the particular problems that you raise, unfortunately the Commission does not have the competence to address such individual problems, which remain in the hands of national courts, to which we suggest you to revert.

Yours sincerely,



Raluca PRUNĂ
Head of Unit